

OPENING STATEMENT OF  
THE HONORABLE DONALD A. GAMBATESA  
INSPECTOR GENERAL  
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT  
BEFORE THE  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,  
SUBCOMMITTEE ON NATIONAL SECURITY AND FOREIGN AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES  
  
AFGHANISTAN AND PAKISTAN:  
ACCOUNTABILITY COMMUNITY OVERSIGHT OF A  
NEW INTERAGENCY STRATEGY

SEPTEMBER 9, 2009

Chairman Tierney, Ranking Member Flake, and Members of the Committee, thank you for inviting me to testify today on behalf of the Office of Inspector General (OIG) for the U.S. Agency for International Development (USAID).

I am pleased to be here along with my colleagues from other oversight organizations, with whom we work closely as we execute our audit, inspection, and investigative responsibilities in Afghanistan and Pakistan.

Historically, my office has overseen programs in these countries from our regional office in the Philippines, increasing our staffing levels there as USAID funding in Afghanistan and Pakistan has increased. We recently established a full-time presence of Foreign Service officers in these countries, placing an auditor and a criminal investigator in Kabul and two auditors and one criminal investigator in Islamabad. These employees will be in addition to those currently providing oversight from our office in the Philippines.

To date in Afghanistan, we have conducted 27 program performance audits, in which we have made 84 recommendations for operational improvement of USAID's programs. Moreover, we have issued nearly 30 financial audits that have identified more than \$8 million in questioned costs, of which \$1.3 million was sustained.

In addition to conducting audits, we investigate allegations of fraud and waste in these countries. In Afghanistan, we have opened 44 investigations that have resulted in 8 indictments, 9 arrests, and 3 convictions, and savings and recoveries have totaled \$87 million.

I want to mention two of our recent investigations involving security contracts in Afghanistan. In one, a defendant pled guilty to conspiracy this past week for his role in a scheme to solicit kickbacks in connection with the awarding of private security contracts.

In the other, four individuals were indicted after they obtained reimbursement for fraudulent expenses submitted for rental vehicles, fuel, and security personnel. The company has been suspended indefinitely from doing business with the U.S. Government, and one former employee is serving a 2-year sentence. More than \$24 million has been saved in connection with this investigation.

In Pakistan since 2002, we have conducted 5 program performance audits and made 12 recommendations for operational improvement. Our 23 financial audits conducted in Pakistan have identified approximately \$6 million in questioned costs, of which \$3.5 million was sustained, and we have several ongoing investigations in Pakistan.

## **Coordination of Activities**

We in the oversight community have been working diligently for several years to coordinate our oversight efforts in Afghanistan.

Our criminal investigators work closely with the National Procurement Fraud Task Force, which was established by the Department of Justice to identify and prosecute fraud associated with Government contracting. We are also members of the International Contract Corruption Task Force, an interagency law enforcement group that coordinates contract and procurement fraud investigations in high-risk international locations such as Iraq and Afghanistan.

A new coordination group chaired by my office was formed in June 2009 in response to the administration's focus on Afghanistan and Pakistan. This subgroup of the Southwest Asia Planning Group consists of representatives from the Offices of Inspectors General for the Department of Defense and the Department of State, the Special Inspector General for Afghanistan Reconstruction, the Government Accountability Office, and my office.

## **FY 2010 Oversight Plans**

The Afghanistan-Pakistan Subgroup issued an oversight plan in August 2009. I have submitted a copy of the plan with my written testimony and ask that it be made part of the record. This plan corresponds to strategies developed by the U.S. Government for assisting Afghanistan and Pakistan in addressing high-priority issues. The five areas addressed in the plan are (1) security; (2) governance, rule of law, and human rights; (3) economic and social development; (4) contracting oversight and performance; and (5) crosscutting programs. The subgroup will monitor this plan and make adjustments as necessary during quarterly meetings.

The members of the Afghanistan-Pakistan Subgroup have been working together to address oversight in this region for several years, and I am confident that we are effectively coordinating with one another to provide the best oversight possible.

I want to emphasize, however, that oversight is a shared responsibility: that of the Inspector General community and the agencies we oversee as well as the contractors and grantees who implement foreign assistance programs. We must all be vigilant to ensure that tax dollars are not wasted.

Thank you again for inviting me to testify today. I look forward to answering your questions.